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Product Brief

Snack Food Sector Report

2006

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Report Highlights:

South Africa's snack food sector is estimated at R4.82 billion, with a total market size of 99.8 tons and it is steadily growing. It is currently believed to be growing at a rate of 4.6% per year. Snacking continues to be a feature of eating patterns in South Africa, due to an increase in alternatives of healthy snacking, including expansions in existing factories and an increase in the number of companies involved in the industry. Potato chips (called crisps) represent 50.2% of the total processed potato products in South Africa, and continue to hold the largest share, in both volume and value terms, of the sweet and savory snacks sector.

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Section 1: Market Overview

South Africa's snack food market sector is estimated at R4.82 billion, with a total market size of 99.8 tons and it is steadily growing. It is currently believed to be growing at a rate of 4.6% per year. Snacking continues to be a feature of eating patterns in South Africa, due to an increase in alternatives of healthy snacking, including expansion of existing factories and an increase in the number of companies involved in the industry.

Crisps (potato chips) represent 50.2% of the total processed potato products in South Africa, and continue to hold the largest share, in both volume and value terms, of the sweet and savory snacks sector. According to Potato South Africa www.potatoes.co.za, the main crisps manufacturers are Dowmont Foods, Frimax, Kavalier Foods, L & C Messaris, Willard's, Poco Foods, and Simba Quix, including other smaller snacks companies as outlined in the table.

Simba: Simba Group (Frito Lay) holds a 60% share of crisps/chips value sales in South Africa. It is a strong brand that is always increasing its lines in order to increase its market share, due to lack of adequate competition in South Africa. It has launched a new product line – "The Great Taste of South Africa". This new launch has ensured that crisps has retained its position of having Simba's largest retail sales value of this sector at more than 37%. By incorporating South Africa into the new product name, it is hoped that this line will enjoy the same success of all products that are known to be "proudly South African". The Great Taste of South Africa line includes crisps with new flavors unique to South Africa. This includes Boerewors (Farmer's sausage), Fried chicken, Biltong (Dried Meat) and Nando's (a popular spicy chicken franchise) flavors. The unique flavors ensure that this line is successful in South Africa, as well as popular with South Africans living abroad and wanting a taste of home. Visit Simba website for more information at: www.simba.co.za

Willard's: Willard's (National Brands Limited) has a 19% market share of the crisps/chips value sales. They have introduced a new flavor to its Pyotts Pretzola range of baked pretzel snacks, adding Sweet Chili Pepper to the existing range of Sour Cream and Chives, Honey and Mustard, and Plain Salted. National Brands has also introduced two new flavors to its Pyotts Vitasnack range, adding Spicy Mediterranean Tomato, and Rosemary, Feta & Olives to the existing range of Pepper & Poppy Seeds, and Basil, Pesto & Sesame Seeds. A Willard's representation told us that South Africans prefer bold and heavily flavored crisps, and the demand for plain salted crisps is not expanding as rapidly. Visit Willard's website for more information at: www.nbl.co.za

SAD products include a selection of nuts such as pecans, walnuts, cashews and almonds. SAD also launched Safari Vanilla Flavored prunes as a healthy snack. The range comes in two flavors – Autumn Harvest and Tropical Medley.

Some of the factors which influence the growth of snack food include extensive advertising and live promotions, introduction of new flavors, understanding of the consumer's consumption behavior, packaging, and significant time difference of snacking. Snack food products are now available in vending machines at some of the South Africa major shopping malls.

The Rand/Dollar exchange rate as at July 5, 2006: R7.03 = US\$ 1.00

1.1 Volume Retail Sales of Sweet and Savory Snacks

Retail Sales of Sweet and Savory Snacks by Subsector:
Volume 2002 – 2006

Product description	2002 '000 tons	2003 '000 tons	2004 '000 tons	2005 '000 tons	2006 Forecast
Fruit snacks	4.3	4.4	4.5	4.7	4.8
Chips/crisps	33.3	34.6	35.9	39.0	42.4
Extruded snacks	34.2	34.5	34.7	35.1	35.3
Tortilla/corn chips	4.2	4.2	4.3	4.4	4.5
Popcorn	1.9	1.9	2.0	2.0	2.1
Pretzels	0.8	0.9	0.9	0.9	0.9
Nuts	6.8	6.9	7.0	7.1	7.3
Other sweet and savory snacks	2.2	2.3	2.3	2.4	2.4
Totals, sweet and savory snacks	87.7	89.6	91.7	95.6	99.8

Source: Euro monitor international estimates

1.2 Value Retail Sales of Sweet and Savory Snacks

Retail Sales of Sweet and Savory Snacks by Subsector:
Value 2002 – 2006

Product description	2002 R Million	2003 R Million	2004 R Million	2005 R Million	2006 Forecast
Fruit snacks	250.0	254.0	258.6	266.4	274.7
Chips/crisps	1,302.0	1,402.0	1,513.2	1,678.1	1,874.5
Extruded snacks	1,023.0	1,062.0	1,106.8	1,175.2	1,249.1
Tortilla/corn chips	159.1	169.3	181.2	194.5	209.2
Popcorn	87.0	92.1	97.8	103.5	109.7
Pretzels	35.2	36.5	37.9	39.1	40.5
Nuts	537.0	553.0	569.7	587.3	605.8
Other sweet and savory snacks	385.0	400.0	416.5	434.5	452.0
Totals, sweet and savory snacks	3,778.3	3,968.9	4,181.7	4,478.7	4,815.5

Source: Euro monitor international estimates

1.3 Share of Sweet and Savory Snack Companies

Sweet and Savory Snacks: Key Companies Market from Shares: 2002 – 2004

Company Name	2002 (% retail value rsp)	2003 (% retail value rsp)	2004 (% retail value rsp)
Simba Group Ltd (www.simba.co.za)	41.0	42.3	43.4
Willard's Foods (Pty) Ltd (www.nbl.co.za)	12.1	12.6	12.7
L&C Messaris Bros Manufacturing Pty) Ltd (www.messariss.co.za)	11.1	10.5	9.7
SAD Holdings Ltd	8.9	8.7	8.5
Procter & Gamble (Pty) Ltd	2.2	2.2	2.3
PJ's Biltong	1.6	1.6	1.6
Stormberg Farms	1.3	1.3	1.3
Baker Street Snacks (Pty) Ltd	5.4	5.6	1.3
Poco Foods	0.8	0.7	0.7
Pillsbury SA (Pty) Ltd	0.3	0.3	0.3
Trumps	0.3	0.3	0.3
Bromor Foods (Pty) Ltd	0.3	0.3	0.3
Frimax (www.frimax.co.za)	0.3	0.2	0.2
Beigel & Beigel Ltd	0.1	0.1	0.1
Jungle Oats Co	0.1	0.1	0.1
Pirate's Snacks	0.1	0.1	0.1
Sandral	0.1	0.1	0.0
Private label	1.9	2.1	2.0
Others	12.2	10.7	15.2
Total	100.0	100.0	100.0

Source: Euro monitor International estimates

Section 2: Market Sector Opportunities and Threats

2.1 Import and Export Market

The following table provides a breakdown of imports and exports of snack food products. South Africa is a net exporter of dried fruit and a net importer of nuts. There is very little opportunity for imports of dried fruits, as South Africa is a major producer of dried fruits. However, a niche market exists for dried exotic fruits that are not common here. Opportunities do exist for nut imports, specifically shelled hazelnuts, desiccated coconut, cashew nuts and shelled almonds. The United States has the largest market share on imports of almonds.

South Africa imports and exports of snack food products by product group: 2003 – 2005

HS Code	Description	Imports				Exports			
		Millions of US Dollars			% change	Millions of US Dollars			% change
		2003	2004	2005	05/04	2003	2004	2005	05/04
0801	Coconuts, brazil & cashew nuts	7.70	13.00	15.17	16.73	0.18	0.25	0.24	-3.30
0802	Other nuts, fresh or dried	9.28	12.63	15.62	23.64	28.37	29.98	61.36	104.65
0805	Citrus fresh, dried	1.02	0.85	1.14	33.68	356.28	461.95	486.34	5.28
0806	Grapes, fresh or dried	1.15	1.90	4.73	148.95	207.95	309.55	342.20	10.55
0813	Fruit dried, (excl 0801 to 0806), mixtures of nuts or dried fruit	1.40	2.00	2.45	22.17	8.08	7.15	7.21	0.90
1105	Potato, flour, meal, flake	0.79	1.24	1.23	-0.96	0.31	0.21	0.32	49.64
1704	Confection, no cocoa	22.07	47.97	48.90	1.94	14.69	11.11	13.62	22.57
1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products	3.61	3.85	6.11	58.64	6.65	6.26	5.83	-6.87
2005	Other vegetables prepared or preserved	9.78	13.03	13.52	3.76	7.65	7.42	9.69	30.54
2006	Vegetables, fruit, nuts, fruit-peel preserved by sugar	0.13	0.09	0.12	26.72	0.26	0.23	0.41	76.53
2008	Other fruit, nuts, prepared or preserved	4.80	8.55	12.54	46.79	173.51	189.61	178.56	-5.83

Source: World Trade Atlas

2.2 Countries of origin

Sources of supply have remained consistent over the past few years.

Key countries of origin for imports of snack foods, 2005

HS Code	Other Countries % share of total	US % share of total
0801	Brazil – 33%, Vietnam – 14%, and Tanzania 12%	0.04%
0802	US – 47%, Turkey – 28%, and Zimbabwe 9%	47%
0805	Israel – 58%, Spain – 34%, and Zimbabwe 7%	0
0806	Turkey – 61%, Spain – 21%, and Egypt 7%	1.14%
0813	France – 38%, Turkey – 16%, and China 8%	4.17%
1105	Sweden – 74%, Italy – 20%, and Germany 4%	0
1704	Brazil – 56%, Colombia – 12%, and China 3%	2%
1904	Thailand – 43%, UK – 21%, and Brazil 10%	0.51%
2005	Italy – 48%, Saudi Arabia – 21%, and Spain 8%	0.35%
2006	US – 31%, France – 25%, and Singapore 13%	31%
2008	Turkey – 33%, US – 12%, and China 11%	12%

Source: World Trade Atlas

2.3 Barriers to entry

Tariffs on imports of snack food products as at June 2006. These products, whether domestic or imported, are also subject to a value-added tax (VAT) of 14%.

HS Code	Description	General rate of duty	EU	SADC
0801	Coconuts, brazil nuts and cashew nuts			
0801.11.10	Unsweetened desiccated coconut	free	free	free
0801.11.90	Other desiccated coconut	25%	free	free
0801.19.10	Whole coconuts	free	free	free
0801.19.90	Other coconuts	25%	free	free
0801.2	Brazil nuts	free	free	free
0801.3	Cashew nuts	4c/kg	free	free
0802	Other nuts, fresh or dried	free	free	free
0802.1	Almonds			
0802.2	Hazelnuts or filberts			
0802.3	Walnuts			
0802.40	Chestnuts			
0802.50	Pistachios			
0805	Citrus Fruit, fresh or dried	5%	free	free
0805.10	Oranges			
0805.20	Mandarins			
0805.40	Grapefruit			
0805.50	Lemons			
0805.90	Other			
0806	Grapes, fresh or dried			
0806.20	Dried grapes	10%	free	free
0813	Fruit dried (excluding 0801 – 0806), mixtures of nuts or dried fruits			
0813.10	Apricots	10%	7.5%	free
0813.20	Prunes	10%	free	free
0813.30	Apples	10%	free	free
0813.40	Other fruit	10%	free	free
0813.50	Mixtures of nuts or dried fruits	10%	free	free
1105	Flour, meal, powder, flakes, granules and pellets of potatoes			
1105.10	Flour, meal and powder	20%	15%	free
1105.20	Flakes, granules and pellets	20%	15%	free
1105.20.10	Pellets made from pieces of potatoes	20%	15%	free
1105.20.90	Other	20%	15%	free
1704	Sugar Confectionery (including white chocolate), not containing cocoa			
1704.10	Chewing gum, whether or not sugar coated	25%	25%	free
1704.90	Other	37%	25%	free

2005	Other vegetables prepared or preserved otherwise than by vinegar or acetic acid			
2005.10	Homogenized vegetables	20%	15%	free
2005.20	Potatoes	20%	15%	free
2008	Fruit, nuts, and other edible parts of plants, prepared or preserved.			
2008.11	Ground nuts	0.99c/kg	free	free

Source: Department of Customs and Excise

Section 3: Costs and Prices

Retail selling price (RSP) reflected here is the actual retail price of the snack product on July 3, 2006 stocked during a visit to one of the South Africa's largest retail chain store, Pick n Pay. Pick n pay concentrates on medium to high end consumers with higher disposable incomes. Snack food products stocked include Pick n Pay private labels such as "Choice", "No name", and "Foodhalls". Only Pick n Pay brand lines of dried fruits and nuts is available at their scale/weigh station @ R79.99 - R109.99 per kg.

Imported products includes ACT II microwave popcorns (3's of 100g @ R20.99 and 100g packet each @ R7.49 from the United States; 50g of 3's snack prunes @ R14.99, and 250g of soft pitted prunes @ R24.99 from Turkey; 500g Sparkles crunchy candy @ R17.99 from Portugal; Cote D'or and Raffaello brand chocolates and candies from 35g – 100g @ a cost of R5.99 – R62.99 from Belgium; Lindt and Toblerone brand chocolate from 35g – 200g @ a cost of R8.49 – R44.99 from Switzerland; and 100g Droste chocolate brand @ R16.99 from Holland. Snack food products are now available in vending machines at some of the South Africa major shopping malls.

Product Description	RSP
Chips/Crisps	<p>Potato chips: 25g x 4's potato strip @ R3.99 - R4.99; 30g – 40g @ R2.19 - R2.49; 50g in a container @ R7.29; 125g @ R4.89 - R6.99; 150g @ R5.89; 170g-200g in a container @ R14.99.</p> <p>(Potato chips are salted to slightly salted and some of the flavors include, salt & Vinegar, sour cream onion, sweet pepper, spring onion & cheese, chicken & thyme, fruit chutney, BBQ ribs, tomato, Mexican chili, smoked beef, biltong flavor, grilled lamb onion, nandos peri-peri, mildly spiced fried chicken, farm style boerewors, cheese & chives, etc.)</p>
Fruit Snacks	<p>10's of 25g fruit stix assorted @ R16.99; 32g fruit bars @ R3.49; 5's of 33g fruit bars @ R13.99; 70g fruity snack chews @ R4.99; 80g fruit rolls @ R6.99 - R8.99; 100g dried fruits @ R8.99 – R13.99; 125g dried fruits & fruit rolls @ R9.49 - R10.99; 150g fruit dainties @ R11.99; 200g dried fruits mix @ R13.69; 250g dried / sun dried fruits @ R5.49 – R16.49; 500g dried / mixed dried fruits @ R7.99 – R26.99; 1kg dried or sun dried fruits @ R47.99 – R52.99.</p>

	(dried fruits includes prunes, sultanas, raisins, mangos, apricots, peach, guava, pears, litchi, currant, berry etc)
Tortilla/corn chips	150g @ R5.99; 175g @ R6.49; 200g @ R8.99 (Flavors include Mexican BBQ, Honey & mustard, atomic sour cream, italiano, natural salted, spicy & cheese, extreme cheese, sweet chili pepper, Salsa BBQ, etc)
Pretzels	30 – 40g snack pretzel @ R2.49; 150g @ R5.59; 175g @ R6.99. (Flavors includes sour cream & chives, honey & mustard, and sweet chili pepper)
Nuts	4's of 50-55g peanuts / peanuts & raisings strips @ R5.89 – R9.99; 100g peanuts @ R14.99; 100g almonds (blanched, flaked, and nibbled) @ R11.49 –R15.99; 100g shelled pecans @ R15.99; 100g cashew nuts or raw @ R9.49 - R16.49; 100g walnuts or shelled @ R14.49 – R15.99; 100g pecan nuts @ R16.99; 150g peanuts / peanuts & raisings (salted or unsalted) @ R5.99; 200g peanuts / peanuts & raisins (salted or unsalted) @ R4.89 – R12.99; 200g Cashew nuts @ R30.99; 500g peanuts / peanuts & raisings (salted or unsalted) @ R11.99 – R14.99; 1kg peanuts / peanuts & raisins (salted or unsalted) @ R27.49 – R28.49; and 550g roasted and salted mixed nuts @ R49.95.
Popcorn	Microwave Popcorns: 4's of 14g @ R4.69 per strip; 85g @ R6.99; 100g @ R5.99 - R6.79; 3's of 100g @ R20.99 per packets; 100g @ R7.49; and 112g @ R7.49 Pop corn in Bags: 500g @ R3.99 – R4.99; and 1 kg @ R9.99 (Flavors includes salted, richer butter, butter light, salt light, white cheddar, cheese & green onion, cheddar cheese, jalapeno, etc)
Sweets	Sweets range from 25g – 600g @ R4.99 – R59.49. Ranges includes fruity chews, candies, chocolates, toffees, etc.
Dips	A variety of packed dips and ready to eat dips in tubs are stacked with chips. 30 – 40g pack dips @ R4.49 – R4.99; 125g dips in tub @ R5.49 – R5.99. Flavors include bacon & onion, avocado, onion & garlic, black pepper, sour cream, honey & mustard, cucumber, creamy mushroom, etc.
Biltong (Jerky)	80g beef snack stix @ R19.79; 100g powdered biltong @ R21.99; 180g chili beef snack stix @ R45.49; 180g Sliced beef biltong @ R35.99; and 180g beef snack stix @ R43.99.

Source: Pick n Pay retail chain

Section 4: Market Access

South Africa imports of processed products are regulated in terms of the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972). Various departments such as the National Department of Agriculture (NDA) under the sub Directorate of Quality Assurance; the Department of Health (DOH) under the Directorate of Food Control, and the Department Food and Associated Industries (FAI) of the South African Bureau of Standards (SABS) are involved in issuing permits. Dried fruit is one of the products regulated by NDA, visit www.nda.agric.za to access the regulation. Click on Regulatory & Other Services, then scroll down to Quality Control, then to Local and Import Regulations, then processed products.

Chips and tortillas are regulated by the Department of Health (DOH). To access the regulation, visit DOH website at: www.doh.gov.za, go to Department then cluster, scroll down to Pharmaceutical Policy and Planning, and click on Food Control. Click on Legislation under Directorate Food Control heading.

For additional information on regulation, refer to our office FAIRS report SF5029.

Section 5: Key contacts and further information

5.1 Government Department contacts

Contacts of Department of Agriculture (NDA) and Department of Health (DOH) that handles import of processed products:

Mr. Neil Erasmus
Tel: +27 12 319 6027
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Email: pretoa@health.gov.za
Website: www.doh.gov.za

5.2 Post Contact

If you have any questions or comments regarding this report or need further assistance, please contact AgPretoria at the following address:

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